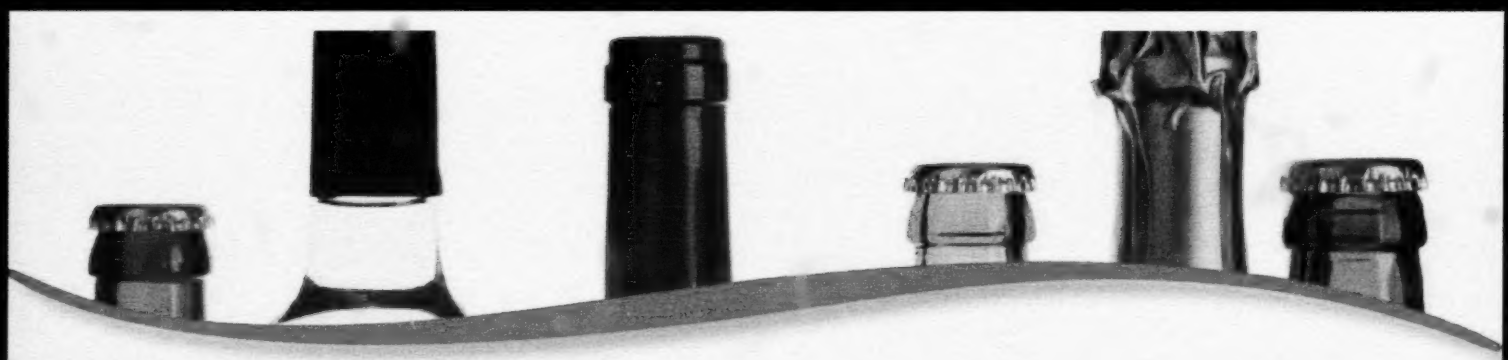

PEI LIQUOR

ALCOOL Î.-P.-É.

Prince Edward Island
Liquor Control Commission

67th Annual Report

For the Year Ended March 31, 2015

Corporate Vision

The Prince Edward Island Liquor Control Commission will be recognized as a truly superior retailer in Prince Edward Island. We will achieve this through quality products, modern technology and increased services. We will be the provincial leader in relationships with our partners, customers and suppliers. We will always strive for the best possible value for our customers, staff and other stakeholders.

Mission Statement

The PEI Liquor Control Commission regulates the sale of beverage alcohol under the authority of the *PEI Liquor Control Act*. It manages the distribution of alcohol by:

- operating in a socially responsible manner;
- achieving the revenue goals of the Provincial Government;
- providing suppliers with controlled access to the marketplace on a fair basis from modern, attractive venues;
- encouraging responsibility and moderation in the consumption of beverage alcohol; and
- providing its employees with equality of opportunity and increased training programs that assist in the individual's personal development and in the commission's overall customer service strategy.

Corporate Values

- **Moderation** – We promote responsible use as a way of life.
- **Quality Service** – We take pride in the quality of our work. We strive for excellence in caring for our customers, suppliers and one another.
- **Continuous Improvement** – As a retailer, we welcome change. We are committed to continuous improvement to all of our services.
- **Integrity and Fairness** – We take responsibility and are fully accountable for our actions, decisions and behaviour. We meet our commitments and obligations to co-workers, customers and business partners. We are open, honest and fair.
- **Importance of People** – We are committed to fostering a positive workplace that builds teamwork, mutual respect and encourages individual development.
- **Focus on Results** – We are committed to getting the job done and improving our productivity levels.

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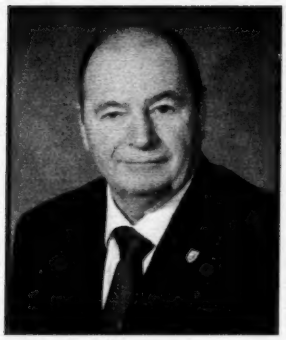
Message from the Minister



The Honourable H. Frank Lewis
Lieutenant Governor of Prince Edward Island
PO Box 2000
Charlottetown, PE C1A 7N8

May It Please Your Honour:

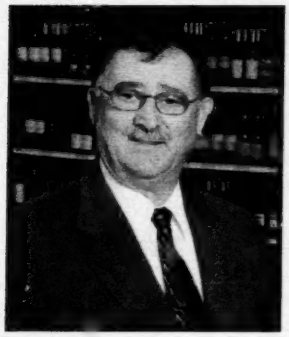
Pursuant to the *PEI Liquor Control Act* and as Minister designate, it is my privilege to submit the 67th Annual Report of the Prince Edward Island Liquor Control Commission.

Respectfully submitted,

Allen A. Roach.

Allen Roach, *Minister*
Department of Finance
Minister Responsible for the PEI Liquor Control Commission

Message from the Chairman



The Honourable Allen Roach
Minister of Finance
Minister Responsible for the PEI Liquor Control Commission
PO Box 2000
Charlottetown, PE C1A 7N8

Sir:

In compliance with Section 87(3) of the *PEI Liquor Control Act*, I have the honour to submit the 67th Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 2014 to March 31, 2015.

Respectfully submitted,

Hector MacLeod
Chairman

Message from the Acting CEO

Mr. Hector MacLeod, Chairman
PEI Liquor Control Commission
PO Box 967
Charlottetown, PE C1A 7M4

Dear Mr. MacLeod:

It is my pleasure to report that the PEI Liquor Control Commission (PEILCC) has surpassed its previous year's transfer to government for the 18th consecutive year. The PEILCC had returns to the Government of Prince Edward Island of over $37.7 million for the fiscal year ending March 31, 2015.

This past fiscal year was very successful for the PEILCC with gross receipts increasing by more than $2.2 million to over $101 million. The PEILCC attributes this success to the foresight, dedication and determination of both our staff and Board of Commissioners.

I want to thank all PEILCC employees for their contributions to our accomplishment this year. Thank you also to the ongoing commitment and leadership of the Executive Management team and to the continued support of the PEILCC Board.

We have built a strong team at the PEILCC and I look forward to our future work together.

Yours truly,

Andrew MacMillan
Acting Chief Executive Officer

Corporate Governance

Corporate governance describes the process and structure for overseeing the direction and management of a crown corporation so that it effectively fulfills its mandate. This involves both its public policy and commercial objectives. It defines who is responsible for what, and how to ensure accomplishment and accountability.

Liquor Control Commission Board

Standing: John Bell, Member, James Gormley, Legal Council, Lisa MacKinnon, Secretary, Bill MacLellan, Member, Robert Lord, Member.

Seated: Andrew MacMillan, Acting Chief Executive Officer, Pauline Wood, Vice Chair, Hector MacLeod, Chairman

Mandate of Commission Board

The mandate of the board is to supervise the business affairs of the commission. Its most important responsibilities are:

- ensuring that the PEILCC provides high-quality service to the public;
- developing and approving the strategic plan and monitoring management's success in meeting the strategic plan;
- approving annual financial plans;
- assessing and managing business risks and;
- ensuring that the PEILCC performs its regulatory role in a fair and impartial manner.

Accountability to Government and Public

The PEILCC is held accountable by the Government and people of PEI in a number of ways, including:

- the Annual Report, tabled in the Provincial Legislature and available for all Islanders to review, either in print or online at *www.peilcc.ca;*
- annual audits of the PEILCC's financial statements by the Auditor General;
- public access to records under the *Freedom of Information and Protection of Privacy Act;*
- publicly appointed commission members.

Appointment of Members of the Commission

The Lieutenant Governor in Council, through an order-in-council, appoints the members of the commission, establishes the honouraria and designates the chair and vice-chair.

Responsibilities of Commission Members

Each commission member has individual responsibility for corporate governance including:

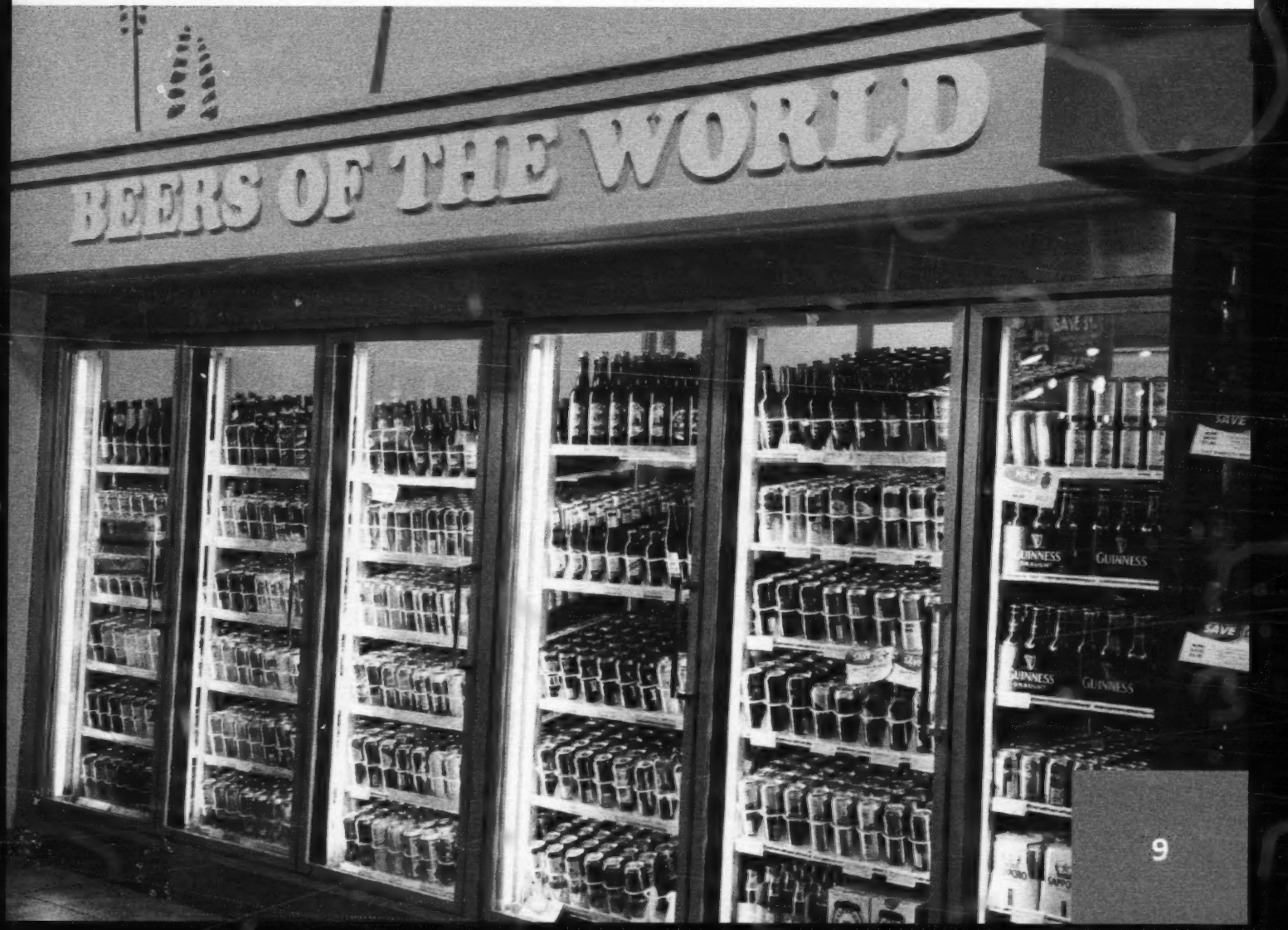
- acting honestly and in good faith in making decisions with a view to the best interests of the PEILCC and all its stakeholders;
- overseeing the management of the business affairs of the PEILCC;
- avoiding conflicts of interest;
- having adequate knowledge of the PEILCC's business, how it is organized and how it functions;
- attending commission meetings and seeking professional advice where necessary;
- providing guidance on policy development;
- reviewing appeals of listing applications.

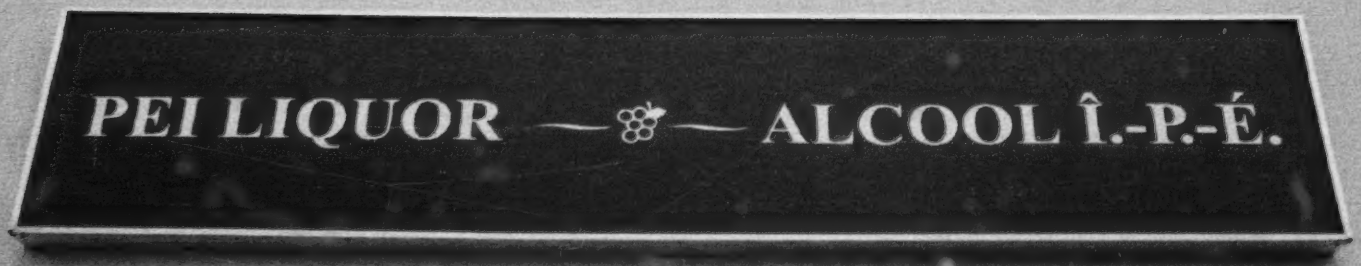
Audit Committee

The Audit Committee is elected annually and consists of three commission members in addition to the chairman and the CEO as ex-officio. The committee ensures the reliability and accuracy of the PEILCC's financial statements, helps co-ordinate and improve internal control functions, and ensures the PEILCC adheres to sound corporate governance principles.

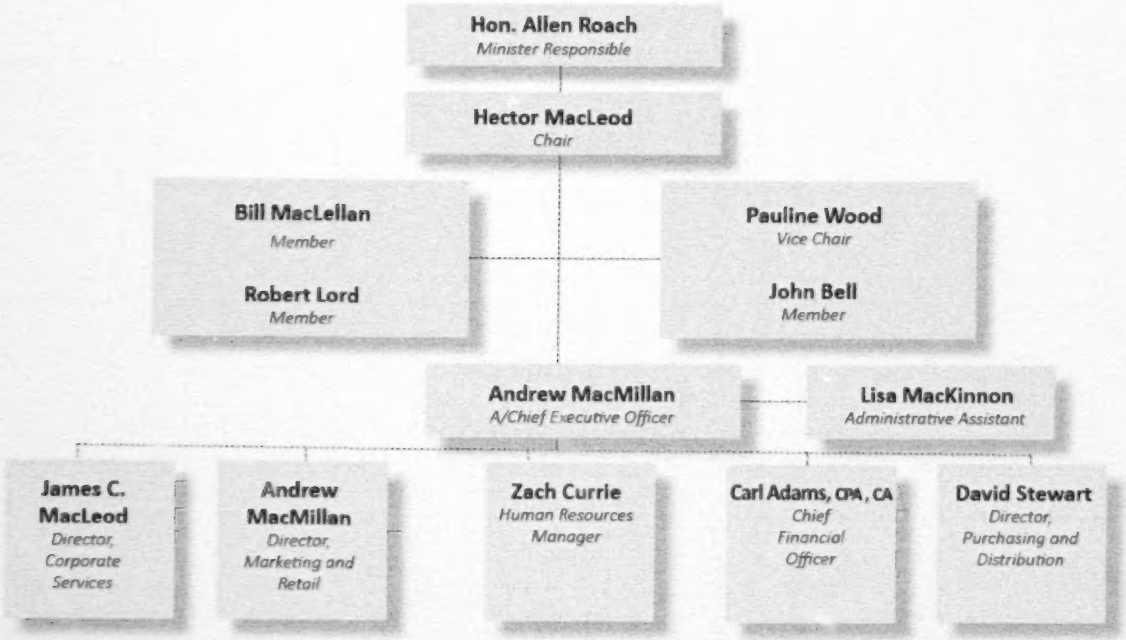
Strategic Planning Committee

The Strategic Planning Committee is elected annually and consists of three commission members in addition to the chairman and CEO as ex-officio. The purpose of the committee is to review and evaluate the corporate plans and to make any recommendations to the board in relation to those plans that the committee considers appropriate.





Organizational Chart



Executive Summary

The Prince Edward Island Liquor Control Commission (PEILCC) is a crown corporation responsible for the administration of the *Liquor Control Act* and Regulations, along with the purchase, control and sale of all beverage alcohol in the province.

A five-member Board of Commissioners is responsible for the commission's activities. The chairperson reports to the minister responsible for the PEI Liquor Control Commission.

The mandate under the *Liquor Control Act* has two primary components: regulatory and commercial. The regulatory function responsibilities include licensing and inspecting licensed premises and special permit events, investigating and reporting on all licensee or special permit complaints and determining whether there were infractions of the *Liquor Control Act* and making recommendations to government on amendments to legislation.

On the commercial side, the commission continues to be a major force in the provincial economy with gross receipts in excess of $101 million, making it one of the largest retail organizations in Prince Edward Island.

In terms of monetary transfers to the Provincial Treasury, this past fiscal year saw $37.7 million returned to the Province, a year over year increase of over $1.1 million.

The commission currently operates 18 corporate retail outlets, as well as a central warehouse and Licensee Distribution Centre located in Charlottetown. The commission has contracted with private interests for the operation of a Liquor Agency store in eight locations: Cavendish, East Royalty, Eldon, Kinkora, Morell, Murray Harbour, Wood Islands and Charlottetown-Founder's Hall.

A strategic plan is in place that guides the commission to success in meeting its performance and accountability goals.

The commission focuses on the following five key areas to measure performance:

1. Public Safety and Social Responsibility;
2. Financial Performance;
3. Customer Service;
4. Business Effectiveness; and
5. Workplace Quality and Employee Excellence.

These areas serve as a blueprint for incorporating the Mission Statement into day-to-day activities and establishing strategic goals, the details of which are explained in further detail in this report.

Sommaire

La Régie des alcools de l'Île-du-Prince-Édouard (RAÎPÉ) est une société de la Couronne responsable de l'administration de la *Liquor Control Act* (loi sur le contrôle des alcools) et de ses règlements, ainsi que de l'achat, du contrôle et de la vente de toutes les boissons alcoolisées dans la province.

Un conseil de cinq commissaires est responsable des activités de la Régie. La présidence fait rapport au ministre responsable de la Régie des alcools de l'Île-du-Prince-Édouard.

Le mandat relevant de la *Liquor Control Act* a deux composantes principales, une de réglementation et l'autre commerciale. Les responsabilités réglementaires comprennent l'octroi des licences et l'inspection des débits de boisson et des événements nécessitant des permis spéciaux, l'enquête et les rapports de plaintes portant sur les détenteurs de licences ou de permis spéciaux, la prise de décisions concernant les infractions à la *Liquor Control Act* et les recommandations au gouvernement au sujet de modifications à la loi.

Du côté commercial, la Régie continue d'être un levier important de l'économie de la province avec des recettes brutes dépassant les 101 millions de dollars, ce qui en fait un des plus importants organismes de vente au détail de l'Île-du-Prince-Édouard.

En termes de transferts monétaires au Trésor provincial, 37,7 millions de dollars ont été remis à la Province au cours de la dernière année financière. Ce montant représente une augmentation de plus de 1,1 million de dollars d'une année à l'autre.

À l'heure actuelle, la Régie exploite 18 magasins d'alcool ainsi qu'un entrepôt central et un centre de distribution pour les détenteurs de licences situé à Charlottetown. La Régie a passé des contrats avec le secteur privé pour les activités de huit magasins de franchise aux endroits suivants : Cavendish, East Royalty, Eldon, Kinkora, Morell, Murray Harbour, Wood Islands et Charlottetown (Salle des fondateurs).

Un plan stratégique est en place pour guider la Régie dans l'atteinte de ses objectifs de performance et d'imputabilité.

La Régie concentre ses efforts sur les cinq domaines principaux suivants afin de mesurer sa performance :

1. la sécurité publique et la responsabilité sociale;
2. la performance financière;
3. le service à la clientèle;
4. l'efficacité des opérations; et
5. la qualité du milieu de travail et l'excellence des employés.

Ces domaines servent de plan directeur à l'intégration de notre mission dans nos activités quotidiennes et à l'établissement de buts stratégiques, dont les détails sont présentés dans le présent rapport.

Operational Overview

2014-2015 Year in Review

The Prince Edward Island Liquor Control Commission's Strategic Plan continued to guide activities through fiscal 2014-2015. Progress on strategic objectives is supported by annual business plans that set priorities for actions to meet objectives and timelines for their completion. The following is an overview of the performance in each of the five strategic objectives

Goal 1 Financial Performance

Goal

To maximize net income within the policy guidelines established by the provincial government.

Objectives

1. Achieve or exceed planned monetary transfer to the Provincial Government.
2. Achieve or exceed net income targets.
3. Increase traffic through liquor stores.

	Actual 2013-2014	Budget 2014-2015	Actual 2014-2015	% of 2014-2015 Budget	Budget 2015-2016
Gross Receipts	$99,210,557	$104,033,595	$101,441,045	97.51%	$102,980,000
Gross Profit	30,892,170	33,714,600	31,690,260	94.00%	32,644,400
Operating Expenses	14,109,230	14,317,700	14,221,571	99.33%	14,506,000
Net Income	19,018,117	21,839,000	19,706,475	90.24%	20,647,000
Monetary Transfers*	36,605,019	39,939,000	37,684,265	94.35%	39,066,000

The PEI Liquor Control Commission delivered both an increased net profit and an increased transfer to the provincial government in fiscal 2014-2015.

Gross receipts were $101,441,045 for the fiscal year ended March 31, 2015, an increase of $2,230,488 over the previous year. This increase came as a result of new sales and marketing initiatives.

Net transfers for the year totaled $37,684,265. This year's performance resulted in a $1,079,246 increase in the PEILCC's contribution to the province over the previous year.

Performance Highlights

Figure A – Sources of Gross Receipts
Fiscal Year 2015

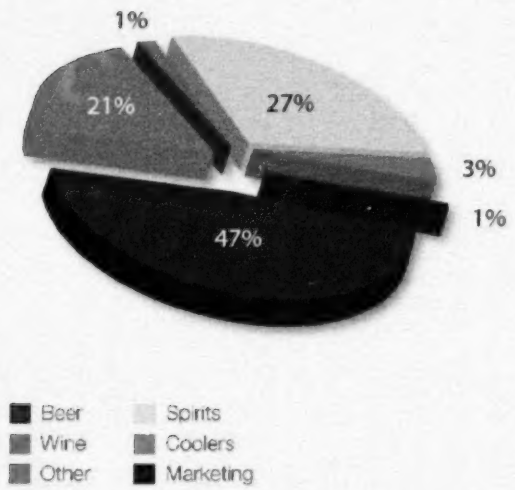
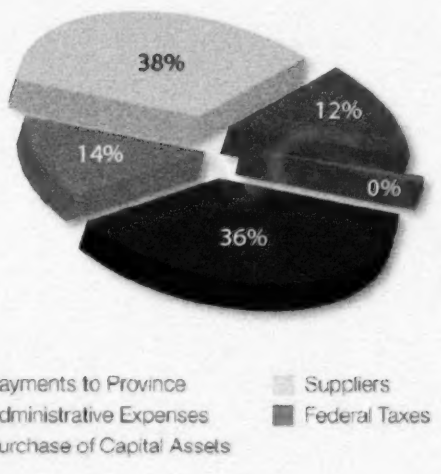


Figure B – Application of Gross Receipts
Fiscal Year 2015



The commission spent approximately $38.9 million on alcohol from both national and international sources. Gross margins increased slightly due to one-time only marketing promotions.

Goal 2 Customer Service

Goal

To understand the needs of our customers so that we can provide quality products and services that are delivered by knowledgeable, courteous employees in attractive and accessible facilities.

Objectives

1. Enhance the shopping experience for PEILCC wholesale and retail customers.
2. Provide enhanced customer services.
3. Improve product portfolio.

	Actual 2013-2014	Target 2014-2015	Actual 2014-2015	% of 2014-2015 Target	Target 2015-2016
Customers served	2,546,934	2,544,230	2,534,408	99.61%	2,520,000
Average customer transaction value	$38.95	$40.89	$40.03	97.90%	$40.86

Volumes by Litres					
	Actual 2013-2014	Target 2014-2015	Actual 2014-2015	% of 2014-2015 Target	Target 2015-2016
Beer	8,466,626	8,380,000	8,385,606	100.07%	8,301,750
Draught	743,706	780,000	829,201	106.31%	837,000
Spirits	820,618	828,800	825,605	99.61%	833,850
Wine (including BYO)	1,383,287	1,420,000	1,444,300	101.71%	1,480,000
Coolers	408,033	420,000	417,255	99.35%	425,600
Total	**11,822,270**	**11,828,800**	**11,901,967**	**100.62%**	**11,878,200**

Performance Highlights

Packaged beer continues to follow a national trend showing a decline of 1% from the previous the year. Draught beer has shown an increase of 85,495 litres over last year driven primarily by the craft beer segment. This is consistent with national trends. The Cooler category continues to be popular with volumes up slightly over last year's performance with total of 417,255 litres sold. The Spirit category was up almost 5,000 litres from the previous year, selling 825,605 litres compared to 820,618 litres in the previous year. Sales continue to trend toward more premium products which is evidenced by the increase in the value of the average customer transaction.

The Wine category continued to display strong performance again in 2014-2015 selling a total of 1,444,300 litres, an increase of over 61 000 litres from the previous year. New offerings continued to drive growth in both sales and volume in this category. The availability of one time offerings throughout the year has also been popular with customers. The PEILCC continues to expand the Vines concept to include many PEILCC retail outlets displaying these products as a portion of each location's shelf set.

A number of supplier supported themed campaigns ran throughout the course of the year including themes such as Island Style which helped to promote food and drink pairings with recipes. The Island Rivers – Worth Protecting campaign was popular again this year and

continued to support the efforts of the Atlantic Salmon Conservation Foundation. The annual holiday campaign offered $10 gift cards for every $50 spent on gift cards.

Similar displays across the corporate retail network permits products to be featured in a like fashion and provides consistency across all locations. Local producers continue to benefit from exposure of having their products featured on 'Buy PEI' displays as well as on the shelves with products of their respective category.

The Charlottetown Civic Centre served as the venue for the 20th Prince Edward Island Liquor Control Commission's Festival of Wines. The third party that was engaged to manage the planning and execution of the festival has turned the Festival into one of the must attend events of the year. The PEILCC continues to operate the on-site retail boutique featuring the wines of the festival.

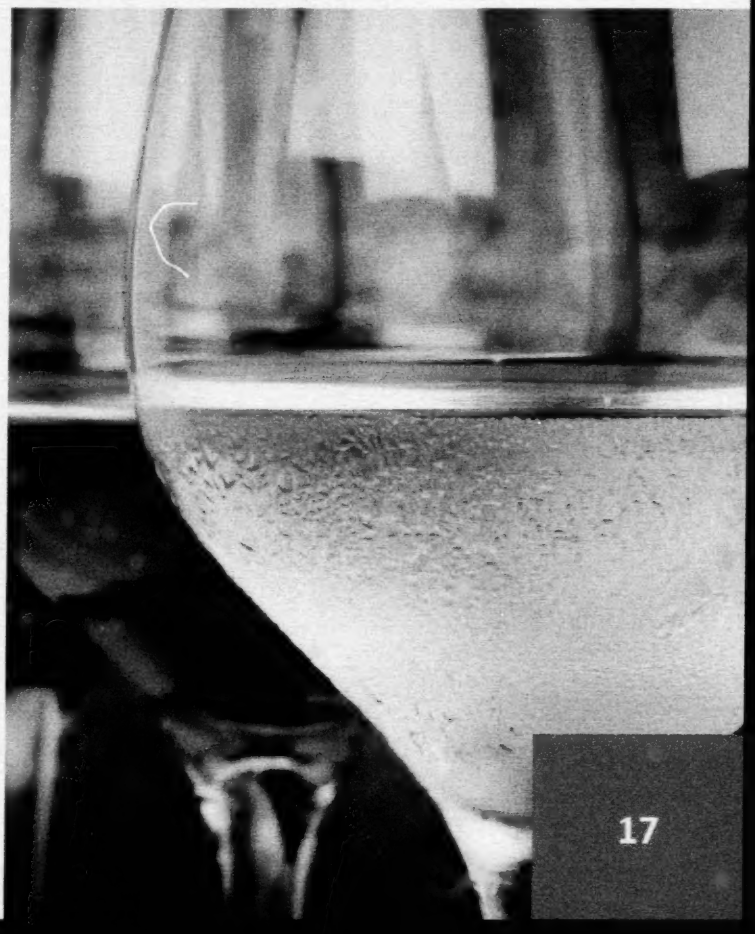
This event featured more than 200 wines, many of which are now included among the PEILCC's general listings. The 2014 festival included Australia as its feature region. Wines from this region were promoted throughout the PEILCC retail network leading up to the festival as well as on site during the event. The feature region concept continues to provide profile not only to the region but also to the Festival of Wines as a whole.

In Fiscal Year 2014-2015 the Commission initiated a service that allowed customers to send comments on their experience at any of the eighteen corporate retail outlets through anonymous text messaging. The feedback will be considered in the Commission's future corporate planning.

In August 2014 the Commission carried out a survey of its Licensee customers that was designed to assist in determining future service initiatives. Categories covered in the survey were Product Ordering, Product Shipment, Customer Contact, Administrative Services, Licensing Procedures and Overall Performance. The results of the survey provided the commission with a number of suggestions that have since been acted upon or in the progress of being implemented.

The Commission also participated in other events during the year including the 6th annual PEI Savour Food and the PEI Beer Festival. Both of which helped generate interest across each of the beer, spirits and wine categories.

A number of PEILCC retail employees have taken advanced training in the WSET program, providing them with an additional level of expertise which is beneficial when helping customers with product options. This training combined with other initiatives led by the Commission's Category Managers, have contributed to the development of the wine categories as a whole and the growth of overall sales.



Goal 3 Business Effectiveness

Goal

To improve operating efficiencies and manage business practices in a climate of continuous change.

Objectives

1. Operate the business in the most effective and efficient manner possible.
2. Maximize the efficiency of the PEILCC liquor distribution operation.

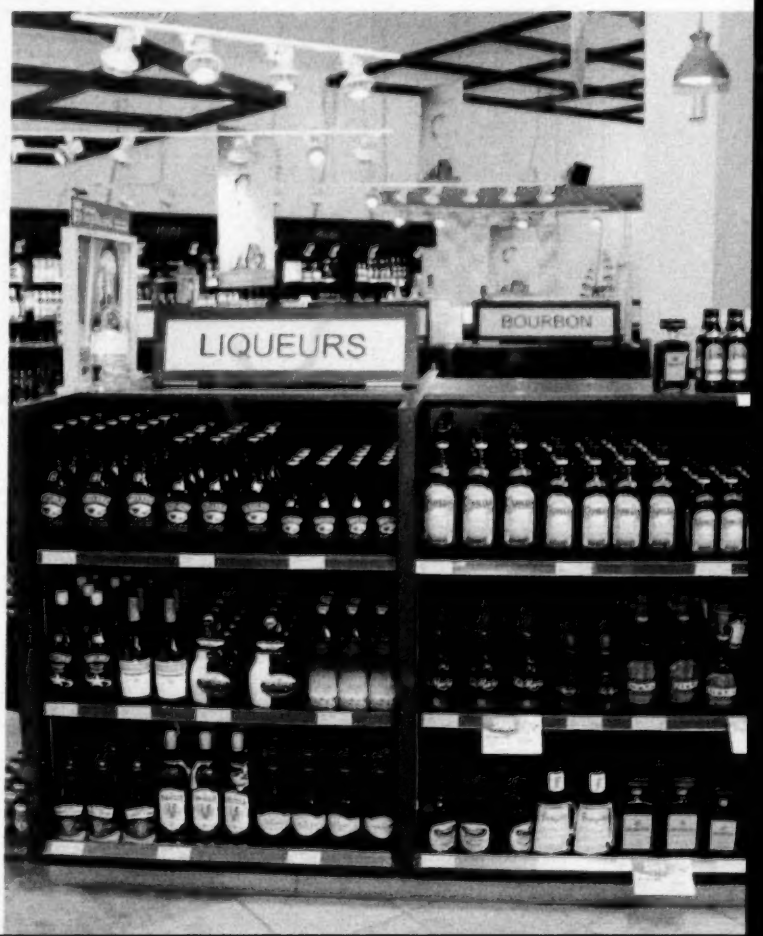
	Actual 2013-2014	Target 2014-2015	Actual 2014-2015	% of 2014-2015 Target	Target 2015-2016
Distribution Centre fill rate	88.05%	90.00%	87.18%	97.83%	90.00%
Distribution Centre stock-out rate	3.39%	9.00%	2.46%	265.49%	8.00%
Warehouse inventory turns/day	82.80	79.00	78.82	99.78%	79.00
Store inventory turns/day	34.50	34.00	35.13	103.32%	34.00
Gross Receipts per Square Foot (Retail and Licensee)	$793.89	$819.44	$811.74	99.06%	$819.44

Performance Highlights

The commission set inventory turnover goals at the beginning of the fiscal year as part of its strategic plan. These turnover ratios were based on the year ended March 31, 2015 to measure inventory efficiencies.

The commission has been better able to manage the days in inventory and the warehouse level in order to meet the needs of our customers. Store inventory turns are up slightly from last year which can be attributed to the increase in the number of products held in store inventory and necessary to fulfill customer demands.

An improved store ordering process continues to keep store inventories in check and ensured better distribution and availability of inventory across the retail network. In addition, the central warehouse has been reconfigured to optimize space and manage warehouse efficiency.



Goal 4 Public Safety and Social Responsibility

Goal

In partnership with community groups and suppliers, the PEILCC will strive to raise public and staff awareness of the responsible use of beverage alcohol.

Objectives

1. Eliminate sales to minors and intoxicated people.
2. Continue to increase the awareness and promote public awareness of issues surrounding responsible use of beverage alcohol.
3. Increase, through partnerships, the effects of the responsible use of alcohol.

	Actual 2013-2014	Target 2014-2015	Actual 2014-2015	% of 2014-2015 Target	Target 2015-2016
% of licensees and permit holders in compliance with legislation, regulations and policies	98.4%	95%	98.6%	103.8%	95%
% of license and permit applications completed within established time frames*	100%	100%	100%	100.00%	100%
Shrinkage (% of gross receipts)	0.00%	0.02%	0.00%	102%	0.02%
*Time frame – 7 days for permits, 21 days for licenses.					

Performance Highlights

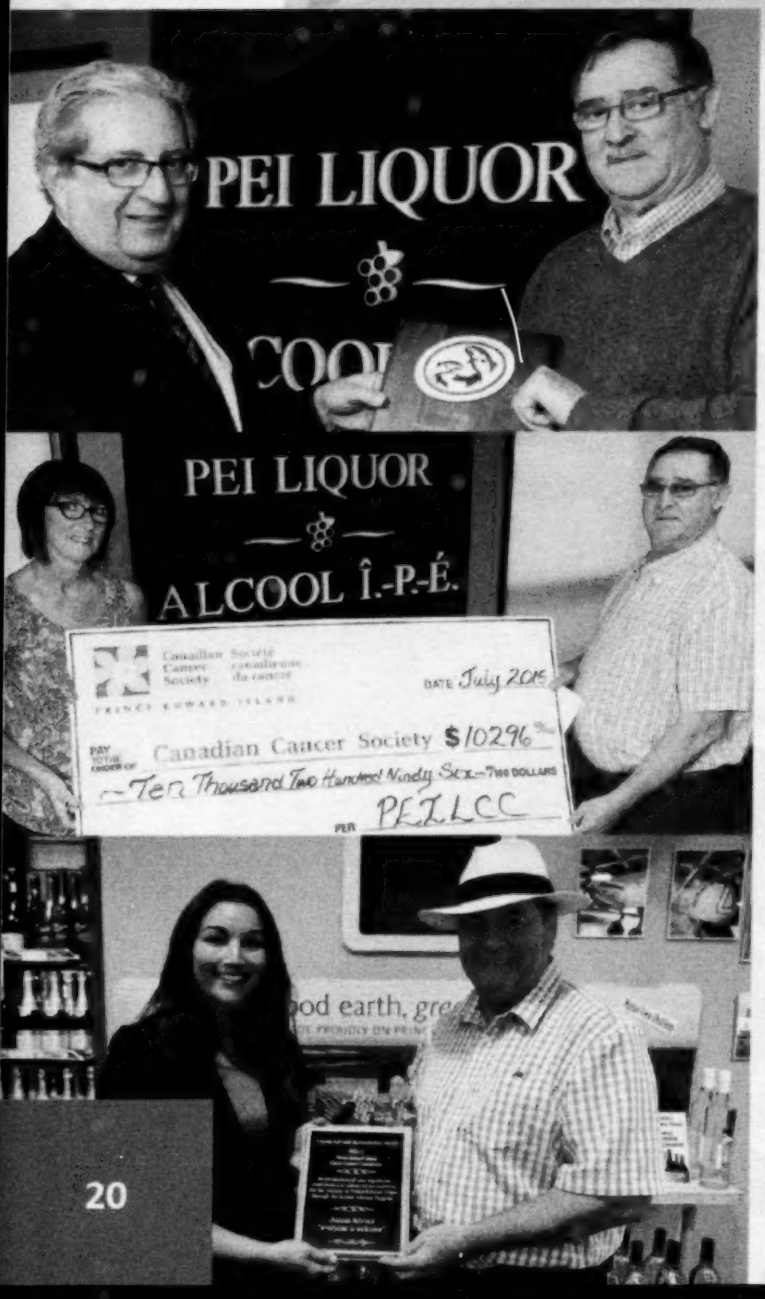
The PEI Liquor Control Commission continues to promote the responsible use of alcohol. The commission strives to provide products that are socially responsible and incorporates responsible messaging into product promotions.

Ongoing responsible use initiatives include: Support Safe Grad, Challenge and Refusal, and ID Training for PEILCC retail and liquor agency staff, Check 30 ID Program, HOST booklet and various responsible use messages during graduation, long weekends, Christmas and New Year's celebrations. Responsible Use messages were promoted throughout the year using local media as well as Social Media.

The Prince Edward Island Liquor Control Commission continued its support of MADD Canada's Multi-media School Assembly Program during the 2014-15 school year, with three presentations of the English language version Aftermath and two of the French language version, titled *Impact*, which took place in high schools across the Island. The commission provided ongoing support for MADD Canada's campaign 911, and expanded the in-store retail ice program in a number of corporate retail outlets which also benefits the work of MADD Canada.

The commission continued to participate on a number of committees promoting responsible use including the Ad Hoc Working Group on Impaired Driving Prevention, and the Canadian Liquor Jurisdictions Social Responsibility Committee.

Charities on Prince Edward Island benefited from ongoing fundraising initiatives supported by the commission throughout the year. The 7th annual wine cooler raffle raised over $13,000 in support of the PEI Association of Food Banks and the Stars for Life Foundation for Autism.



The fouth year of an at-cash campaign benefitting the PEI Region of the Canadian Red Cross, was successful in generating over $27,000 to continue the support of community programs and relief to Islanders in the time of need.

The PEILCC also completed the fourth year of a five year agreement with the Atlantic Salmon Conservation Foundation (ASCF) with over $21,100 collected through this supplier supported campaign. A portion of sales from a variety of products, were donated to the ASCF to assist with projects that help protect and rejuvenate rivers across the province.

The Heart and Stroke Foundation's Paper Hearts campaign took place for the third year in 2014 and was successful in raising over $10,000. The Foundation uses these funds to continue the advancement of research, promotion of healthy living and advocacy.

The PEILCC actively assists various groups and causes through coin box collections in all corporate retail outlets. Groups receiving from this activity during this fiscal year included ALS Society of PEI , Anderson House, Big Brothers Big Sisters of PEI, CAT Action Team, Cerebral Palsy Association of PEI, Children's Wish Foundation, Crohn's and Colitis Foundation of Canada, IWK Health Centre, MADD Canada, MS Society, PEI Humane Society, and the Prince Edward Island Rape and Sexual Assault Centre.

During the fiscal year, the commission continued its commitment to social responsibility in the areas of alcohol service and community support. The PEILCC partnered with a number of outside agencies in shared activities including:

- Participation as an active member of the Canadian Association of Liquor Jurisdictions (CALJ) Social Responsibility Committee.
- Affiliation with the Culinary Institute of Canada, to provide the mandatory server program *It's Our Business*, an awareness program for staff of licensed premises.
- Raising monies for ALS Society of PEI, Canadian Diabetes Association, Easter Seals Society of PEI, IWK Health Centre Foundation, Parkinson Society of Canada, Prince County Hospital Foundation and the QEH Foundation through staff dress-down days and other staff events raising a total of $6,400.
- Generating over $2,700 in support of the Hospice Palliative Care Association of PEI through proceeds from the silent auction, held during the 20th annual Festival of Wines.

Optimal compliance to the *Liquor Control Act*, Regulations and Policies is a primary objective of the commission. Retail staff are required to check and verify the age of customers and refuse minors or intoxicated persons. In 2014-2015, commission store staff checked 134,847 people suspected of being underage, intoxicated or with no ID and refused service to 3,172. Liquor inspectors performed 4,532 compliance inspections and 8,121 ID checks in licensed premises.

After evaluating all stores in relation to established criteria, the staff of the Kensington store was awarded the Annual CEO's Award of Merit for Loss Prevention for fiscal 2014-2015.

In January 2015 the commission launched Check 30 across all corporate retail and Liquor Agency outlets. This program replaced the Check 25 program which had been in place since August of 2006.

Goal 5 Workplace Quality and Employee Excellence

Goal

Build a customer-focused, high-performance work environment that results in greater employee involvement, development, innovation and creativity.

Objectives

1. Enhance staff skills through employee training programs.
2. Continue to develop a customer-focused workplace.
3. Provide a safe, healthy and harassment-free workplace.

	Actual 2013-2014	Target 2014-2015	Actual 2014-2015	% of 2014-2015 Target	Target 2015-2016
Workplace quality training	70	130	59	45.38%	130
Product knowledge	98	175	146	83.43%	175
Staff development (professional and personal)	190	100	75	75%	100

Performance Highlights

Training is offered to PEI Liquor Control Commission employees on an on-going basis. The Product Knowledge Course, offered in conjunction with the Liquor Control Board of Ontario (LCBO) is available to all staff, providing an opportunity to expand their product knowledge.

In addition to the LCBO program a wine appreciation and knowledge course is offered by the Category Manager of Wine. This intensive program is aimed at ensuring knowledgeable staff are available in PEILCC stores to assist customers when selecting wines and to provide suggestions for food and wine pairing.

PEILCC staff benefit from product seminars throughout the year. These sessions have included industry led seminars as well as

opportunities to visit local producers in order to learn firsthand how products are made.

The PEILCC is very conscious of the need for safety awareness in the workplace, not

only for employees but also for customers. It is for this reason that First Aid and CPR training is made available to all staff on an annual basis. In the future, more emphasis will be placed in this area with regard to seasonal employees who are hired during the peak summer season and experience a high concentration of customer traffic.

Occupational Health and Safety (OH&S) plays an important role in the PEILCC's day to day operations. The PEILCC ensures that OH&S representatives receive updated training on their responsibilities, including courses that ensure safe workplaces for both employees and customers. Identification verification seminars were offered for and attended by a cross-section of corporate retail and liquor agency staff. These presentations provided the opportunity for staff to increase their skills in the recognition of altered identification. PEILCC staff continue to pursue training and education through courses offered by universities and other post secondary institutions.

Those employees who are interested in advancing to management roles have been actively involved in business management training during recent years. The PEILCC continues to support staff development and training and the province's Development and Training Fund continues to provide assistance to employees as they pursue advanced training opportunities.

Challenges and Opportunities Ahead

The Prince Edward Island Liquor Control Commission continues to identify opportunities and challenges, as well as to meet the expectations of an increasingly diverse and discerning customer base. Store renovations and a new merchandising strategy have improved the way in which products are displayed as well as the customer experience.

On-going investment and planning is required to meet customers' needs and keep standards moving forward. In addition, continued investment in human resources and financial resources are also necessary to fulfill its strategic plan.

Capital planning is required to provide for future needs. The commission has set its monetary transfer goal to over $39.1 million for the 2015-2016 fiscal year to help continue investments in our province.

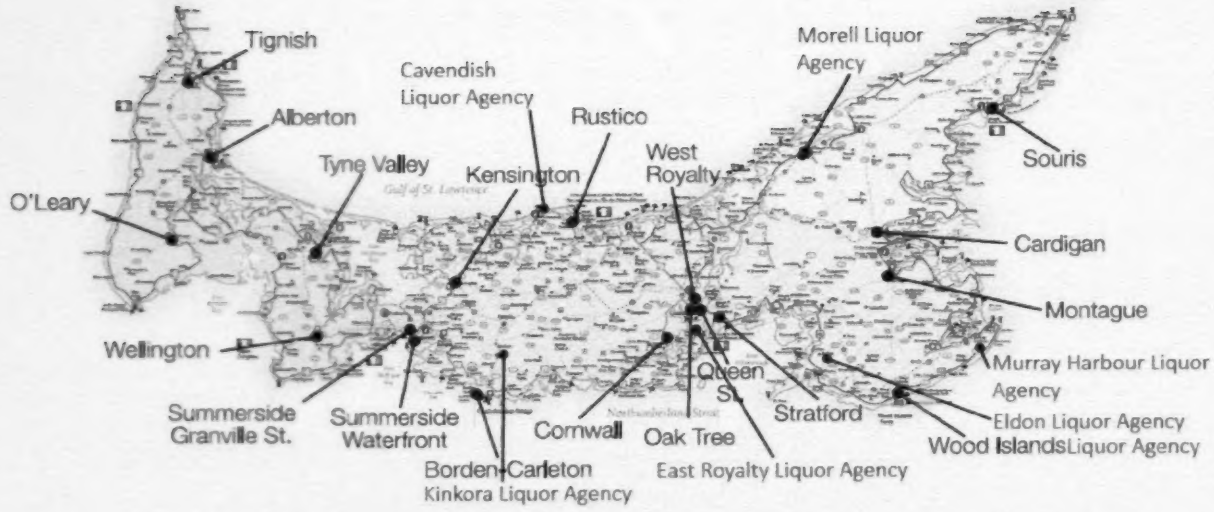
Managing human resources continues to be a key challenge for the PEILCC. It constantly reviews resource needs and training opportunities to meet changing retail and technology requirements.

A disciplined category management approach, working in co-ordination with the supply chain, has provided a more efficient system to get products from the commission's international supply chain onto its store shelves. The PEILCC continues to investigate new opportunities for products and their distribution to meet the ever evolving customer demands.

The commission's commitment to social responsibility presents ongoing opportunities to communicate and reinforce the message of responsible use and public safety to a wide range of audiences.

Underlying all of these challenges and opportunities is the vision of excellence in management. Being prepared to capitalize on new opportunities in the marketplace and continuing to integrate and streamline operations is key. The PEILCC is confident that it is building an organization which is internally more efficient and will continue to be publicly accountable.

Prince Edward Island Liquor Control Commission
Retail Liquor Outlets



Corporate Retail Outlets	Liquor Agency Stores
Alberton	Cavendish
Borden-Carleton	Charlottetown – Founders Hall
Cardigan	East Royalty
Cornwall	Eldon
Kensington	Kinkora
Montague	Morell
North Rustico	Murray Harbour
Oak Tree	Wood Islands
O'Leary	
Queen Street	
Souris	
Stratford	
Summerside – Granville Street	
Summerside – Waterfront Mall	
Tignish	
Tyne Valley	
Wellington	
West Royalty	

Statistics

Retail Gross Receipts by Store

Retail Store	Year Ended March 31, 2015	Year Ended March 31, 2014	Increase (Decrease)
Alberton	1,607,913	1,545,131	62,782
Borden/Carleton	1,807,420	1,699,674	107,746
Cardigan	1,954,008	1,968,755	(14,747)
Charlottetown- Oak Tree Place	14,787,585	14,981,427	(193,842)
Charlottetown- Queen Street	3,549,153	3,503,053	46,100
Cornwall	5,242,169	5,197,319	44,850
Kensington	3,198,099	3,131,459	66,640
Licensee Distribution Centre	17,492,369	17,185,144	307,225
Montague	5,026,546	4,823,778	202,768
North Rustico	2,975,728	2,842,841	132,887
O'Leary	1,940,520	1,781,587	158,933
Souris	2,728,251	2,805,027	(76,776)
Stratford	8,500,865	8,157,388	343,477
Summerside- Granville Street	8,058,923	7,885,554	173,369
Summerside- Waterfront	4,318,801	4,465,037	(146,236)
Tignish	2,664,881	2,658,345	6,536
Tyne Valley	1,125,592	1,094,939	30,653
Warehouse/Other	1,358,894	1,232,524	126,370
Wellington	1,322,606	1,319,305	3,301
West Royalty	11,780,722	10,932,270	848,452
Total	**$101,441,045**	**$99,210,557**	**$2,230,488**

Statistics

Summary of Profit and Expense Ratios
Two-year Comparison

(in 000s)

	2015	2014
Gross Receipts	101,441	99,211
Gross Profit	31,690	30,892
Net Income	19,706	19,018
General and Administrative Expenses	14,222	14,109
Gross Profit as a Percentage of Gross Receipts	31.24%	31.14%
Net Profit as a Percentage of Gross Receipts	19.43%	19.17%
General and Administrative Expenses as a Percentage of Gross Receipts	14.02%	14.22%

Table A – Spirit Sales Volumes (litres) by Product Type

	2015	2014
Rum	249,949	257,652
Vodka	217,658	220,086
Whiskey	151,525	153,242
Premix	93,740	79,241
Liqueurs	53,791	53,150
Scotch	20,472	20,008
Gin	19,324	18,508
Tequila	5,505	5,280
Bourbon	5,978	6,103
Brandy	3,791	3,742
Miscellaneous	3,872	3,606
Total	**825,605**	**820,618**

Table B – Wine Sales Volumes (litres) by Product Type

	2015	2014
White	732,009	708,251
Red	572,719	563,544
Fruit	29,508	29,969
Sherry	14,172	13,702
Rose	16,502	16,909
Cider	57,834	30,412
Port	4,001	4,193
Dessert	2,075	1,657
Vermouth	2,369	2,563
Miscellaneous	13,111	12,087
Total	**1,444,300**	**1,383,287**

Table C – Beer Sales Volumes (litres) by Product Type

	2015	2014
Packaged	8,385,606	8,466,626
Draught	829,201	743,706
Total	**9,214,807**	**9,210,332**

Table D – Cooler Sales Volumes (litres) by Product Type

	2015	2014
Spirit Coolers	406,861	400,579
Wine Coolers	10,394	7,454
Total	**417,255**	**408,033**

Table E – 2015 Public versus Licensee Gross Receipts by Category

	2015			2014		
	Public	Licensee	Total	Public	Licensee	Total
Beer	35,585,123	12,974,968	48,560,091	35,263,928	13,113,845	48,377,773
Spirits	23,704,327	4,243,394	27,947,721	23,147,835	4,552,852	27,700,687
Wine	17,517,033	3,947,330	21,464,363	15,973,784	3,720,702	19,694,486
Coolers	2,626,440	737,500	3,363,940	2,549,005	751,577	3,300,582
Non-Alcohol	103,694	1,236	104,930	135,637	1,392	137,029
Total	**$79,536,617**	**$21,904,428**	**$101,441,045**	**$77,070,189**	**$22,140,368**	**$99,210,557**

Table F – 2015 Public versus Licensee Sales Volumes (litres) by Category

	2015			2014		
	Public	Licensee	Total	Public	Licensee	Total
Beer	6,630,653	2,584,154	9,214,807	6,618,352	2,591,980	9,210,332
Spirits	688,010	137,595	825,605	675,105	145,513	820,618
Wine	1,174,346	269,954	1,444,300	1,102,421	280,866	1,383,287
Coolers	321,221	96,034	417,255	313,388	94,645	408,033
Total	**8,814,230**	**3,087,737**	**11,901,967**	**8,709,266**	**3,113,004**	**11,822,270**

Statistics

Total Licenses and Special Permits
March 31, 2014 and March 31, 2015

License Type	Year Ended March 31, 2015	Year Ended March 31, 2014
Dining Room	183	183
Lounge	92	89
Club	48	53
Military Canteen	20	20
Special Premise	93	89
Caterer	25	29
Agency Store	1	1
Liquor Agency	7	6
Winery	5	5
Micro-Brewery	3	3
Tourist Home	5	6
Distillery	4	3
Brew Pub	0	1
Ferment on Premises	6	6
Total Licenses in Effect	**501**	**494**

Special Permits Issued	Year Ended March 31, 2015	Year Ended March 31, 2014
Class I	138	125
Class II	163	164
Total	**301**	**289**

A Class I permit entitles host to give beverages to guests.
A Class II permit entitles host to sell beverages to guests.

Management's Report

Mr. Hector MacLeod, Chairman
PEI Liquor Control Commission
PO Box 967
Charlottetown, PE C1A 7M4

Dear Mr. MacLeod:

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the commission. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with International Financial Reporting Standards.

The commission maintains an accounting system and related controls that provide management and the commission with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with International Financial Reporting Standards.

Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Andrew MacMillan
Acting Chief Executive Officer

Carl J. Adams, CPA, CA
Chief Financial Officer

Appendix

Auditor's Report
and
Audited Financial Statements

Liquor Control
Commission